

Budget Officer
National Security Officer

30 September 1960

Chief, Fiscal Division

National Security Council - Annual Physical Inventory
of Nonexpendable Property

1. In compliance with your memorandum of 2 October 1957, we have completed the taking of the subject inventory.

2. The resultant difference findings are explained in the attached, Report of Inventory Adjustments, Form No. 390. Since no previous annual inventory has been properly approved for making adjustments to the perpetual inventory records of the Council, the differences, changes in stock number and nomenclature, reidentifications, etc., reflected in the attached report embrace all such required adjustments for the preceding two years.

In conformity with standard inventory procedure a second count was taken of those items found to be over or under the perpetual records. In order to validate our findings at least three people were involved in the count of the items in question and a mutual conclusion was reached.

3. In order that the inventory might be more expeditiously and adequately performed certain methods were innovated to enable an accurate count to be accomplished for each room of the Council. Preprinted tabulation sheets embracing item by item nomenclature of all items, enabled the inventory team to complete the count in approximately two days as contrasted to the previous year's efforts of four.

The Council utilizes fifty-six rooms. Among approximately 117 different categories of inventory items are 324 chairs, 48 tables, 91 stands, 78 desks, and 79 typewriters. It should be noted that the Council employs an average of 71 persons (employed personnel and reimbursable personnel).

The condition of the storage room has not changed from the preceding inventory report of 6 August 1959. Stored in this room, among other items, are 8 typewriter stands, 3 sound recorders and 23 non-electric typewriters. Since there is little likelihood that these items will be utilized in the future, it is suggested that Council officials declare such as surplus property and arrange for the proper disposal thereof.

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4. The net adjustment for overages and shortages amounts to \$128.71. Unit price values are based on acquisition or estimated cost as ascertained by the Inspection and Inventory Staff.

Although individual item overages and shortages are numerous it is offered that there can be exercised little or no absolute physical control over the nonexpendable items of equipment for several reasons:

- a. Room arrangement precludes general observance by any one person,
- b. Other governmental organizations occupy the same portion of the building, therefore providing opportunity for borrowing, pilfering, and transfer by officials.
- c. Guards are not posted at building entranceways, thus allowing for medium size and small equipment items to be taken from the building unobserved, and
- d. Responsible officers of the Council are not personally charged with items of equipment located within their areas of occupancy.

In view of the foregoing, we recommend that the Administrative Officer of the Council, with delegated authority for maintaining accountability for supplies and equipment, further delegate sub-responsibility to those officers of the Council who occupy offices within the area afforded the Council. Accordingly, each officer would accept, by formal signature, responsibility to the Administrative Officer for such Council property within his area of occupancy. Such acceptance will localize responsibility for item overages and shortages relative to future physical inventory taking.

5. In order to correct the perpetual inventory records, it will be necessary that the findings as stated on the attached "Report of Inventory Adjustments" be approved by the Executive Secretary of the National Security Council. This approval has been sought as a result of the last two year's findings but for some reason was not obtained. The approval will provide the necessary vehicle to adjust the financial records of the Council to reflect the physical inventory of nonexpendable property on hand.

6. Full guidance and cooperation was extended by the Chief, Inspection and Inventory Staff, Supply Division, Office of Logistics and the General Services Officer of the Council in the taking of this annual inventory. The Inventory and Inspection Staff effected changes in stock numbers, reidentification of property items, etc.

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